



SENT TO COUNCIL: _____

Memorandum

**TO: HONORABLE MAYOR AND
CITY COUNCIL**

FROM: James R. Derryberry

**SUBJECT: HOUSING PRODUCTION TEAM
RECOMMENDATION # 28**

DATE: May 31, 2001

Approved _____

Date _____

INFORMATION

In September of last year, in response to concerns about housing availability, the Mayor created a Housing Production Team (HPT) to develop specific goals, recommendations and actions to increase housing production in San Jose. This team released its report, containing 72 recommendations for action, which was considered approved for further review by the administration by the City Council at its January 16, 2001 meeting. One of these recommendations, *Recommendation #28*, is the review of the existing process and procedures with the goal of streamlining the process to result in a potential 25% savings in time.

This recommendation is related to several other recommendations of the HPT or other analysis completed for the 2001-02 Operating Budget.

implementation of the *Best Practices of the Smart Permitting Process* of the Silicon Valley Manufacturing Group, which is related to possible modifications of the current permit review process. These modifications could help streamline the development review process and result in faster housing production while protecting the interests of the community.

The City of San Jose's development fee programs – Planning, Building, Public Works and the Fire Department's Engineering Division – have experienced record development activity in the last five years. Through internally driven and customer driven process improvement efforts, the development programs have achieved numerous process efficiency improvements. In light of the significant development program staff resource increases in the proposed budget and the fee adjustments for Planning and Building proposed in a separate Manager's Budget Addendum, this is an appropriate time to review the efficiency improvements that have been implemented both to improve customer service and to address the size and volume of development projects in recent years. This length of this memo is the result of the many and varied efforts made by these programs in recent years.

As a framework for this discussion, this memo will look at the various improvements in the development process from four different angles: process assessment efforts, actual process improvements, customer service and information/outreach improvements, and staff development improvement efforts.

PROCESS ASSESSMENT EFFORTS

In 1991, and again in 1994, the City's Business Climate Studies gave needed feedback to City departments and drove a number of important process improvements. At present there is a Business Improvement Study underway to look again at the development process with the help of customers and staff. A final report is anticipated to be presented to the City Council on August. The development programs will look closely at any forthcoming recommendations for process improvement opportunities.

The development of meaningful performance measures through the Investing in Results process over the past two years has caused staff to assess what information is collected and utilized for measuring performance and customer perception. As more data is collected and trends and performance problems are identified, this will be of further help in focusing resources in the right places.

PROCESS IMPROVEMENTS

Following the 1994 Business Climate Study, the Development Services Division of the **Department of Public Works** embarked on a major re-engineering effort by establishing project teams to shepherd a project from the beginning stages of planning all the way through construction of public improvements. This achieves project ownership for staff and one point of contact for the client. This approach has been a marked improvement from the previous system's handoffs and disconnects. Other less fundamental but still important process improvement initiatives in Development Services Division of Public Works include:

- The delegation of certain signature authority responsibilities to Project Engineers;
- An increase in the number of staff on a team from 3 to 4 to provide back-up and meet timelines;
- The development of a streetlight design section within the Division to better meet development timelines;
- The development of simple pavement design standards for small paving projects;
- The addition of an electronic receipt system to make transactions more efficient;
- The addition of an electronic project tracking system that greatly assisted in customer response; and
- The addition of a traffic specialist to assist teams with specialized traffic reporting needs.

Numerous process improvements have also been implemented by **Planning**. The creation or updating of various procedures has helped to expedite processing by reducing confusion and promoting consistency. Among the procedures developed or revised recently are:

- Reorganization of staff to process all development application in geographic area to increase awareness of neighborhood issues, and increase continuity for applicants.
- Creation of DTS2 as a project tracking system that reduced the staff time required to prepare monthly project status reports for Council members.
- Implementation of a updated 30 day letter format to highlight major issues up front and to establish tentative hearing schedules when appropriate.
- Staff Review Agenda Procedures

- Updated Development Application Referrals to ensure accurate referrals early in process
- Location Map Checklist – a simplified checklist of procedures to create location maps to expand the use of location maps for hearing notices from only zonings to all projects with minimal overall increase in time required.
- Zoning Close-Out Procedures – updated to ensure the close out process is consistent and timely.
- Draft Environmental Process Procedures – updated and distributed to staff
- Negative Declaration Protest Process Procedures – created and distributed to staff to ensure consistent answers for the public.
- Archaeological Resources Procedures – created and distributed to staff to ensure the reports meet acceptable standards.

The environmental review process has also received significant attention with improvement in mind. Application forms have been revised, the Environmental Impact Report (EIR) Library has been updated, a comprehensive EIR database and tracking system has been created, and use of EIR Addenda for quick environmental clearance of projects such as Compaq Center signage, the Freight Loading Zone Ordinance, and General Obligation Bonds Series 2001.

The **Building Division** has also initiated some important process improvements. A quality control internal audit process has been implemented and has lowered the error rate by 50%. Staff has also streamlined and increased the efficiency of the plan check function by coordinating with Fire plan check staff to reduce duplication of effort in plan check for all unrestricted occupancies. Pre-submittal meetings with developers, architects, engineers, and City staff are provided to review the plan check process and code issues to improve the quality of the plans to be submitted and speed the processing of permit issuance. Some of the non-technical, routine tasks in the plan check function are being assumed by Permit Specialists to make the Engineers more productive. Other plan check process improvements include:

- The expansion of the Express Plan Check process for certain residential, commercial and industrial projects, substantially increasing same-day, over-the-counter approvals by assigning 1 or 2 additional staff to handle Express Plan Check appointments;
- Implementation of an Express Plan Check process for some Plumbing, Mechanical, and Electrical projects that reduced a 2 to 3 weeks waiting time to a couple of hours;
- The assignment of a Planner in Building to review Planning Site Approvals and implement the Single Family House Permit Ordinance to screen out projects with major zoning issues before plan check submittal;
- Implementation of a fast track review of minor structural projects to reduce turn around time from 2-3 weeks to 2-3 days;
- Significantly reduced processing time from 2-3 weeks to 1-week or less, by the establishment of a joint weekly meeting with Fire and Building Staff to review requests for Alternate Design, Materials, and Methods of Construction Application;
- And working with City Manager's Office, the initiation of a pilot program allowing Plan Check Engineers to perform plan check on an overtime basis, resulted in improvements in plan check quality and customer satisfaction, reduction in turn around time and cost savings compared to the cost of having consultants review these projects.

The Building Division has already accomplished numerous modifications to the process to improve the efficiency of the staff. Most notable are the following:

Streamlined Processes

Building has re-evaluated Reroofing Permits on existing structures. The Division has eliminated tear-off inspections (extensive repairs to the substructure require separate Building Permits) so that all routine re-roof projects are not held up for verification of minor repairs. Furthermore, when a “final inspection” reveals only minor corrections, building staff allow the contractor or owner to self-certify that these minor repairs have been accomplished. In this way, staff has increased their efficiency by eliminating re-inspections of minor items, which allows the staff to focus their inspection time on projects where the re-roofing installer performs poorly.

In cooperation with the Fire Department, Building has eliminated duplicate inspections on many commercial tenant improvement projects by incorporating their specific requirements into the standard inspection procedures. As a result, the Fire Department no longer performs final occupancy inspections on several types of commercial occupancies. This level of collaboration continues as staff examines procedures further to see if this process can be expanded to other types of projects.

A recent change to the Building Code eliminates drywall as an acceptable bracing element. This has eliminated drywall inspections on all projects except those that use drywall as part of a fire-rated assemble. Another change expands the types of structures that may be constructed using prescriptive bracing elements. This has eliminated the necessity for many projects to be designed by an Engineer or to be reviewed in Plan Check by a City Engineer. Many of these projects qualify for Express Plan Check procedure, allowing permits to be issued over the counter in many instances.

Inspector of Record

Building has created an “Inspector of Record” program that pairs a specific inspector with each large project. This makes better use of inspection time by consistently sending the same inspector to a designated project. Each day when the inspector arrives at the jobsite, they will already know the status of the project, will be familiar with the drawings, will know how to find the proper construction personnel, and will be able to anticipate the inspection needs each day. Project familiarity saves inspection time, making inspectors more efficient. This on-going knowledge also enables staff to perform consistent high-quality inspections in a timely manner. To maintain consistency with the inspector of record program, a separate back-up inspector is listed on the project log for such projects.

Inspection Assignments and Time Allotments

The Building Division has also developed a way to monitor inspection requests so the practice of some contractors who schedule inspection time beyond their need “just in case” they are ready can be curtailed. This practice wastes valuable inspection time and impacts the response to other customers. For example, Building stopped accepting inspection requests from three developers who would try to schedule hours of inspections each day only to have their field personnel cancel

the inspections when the inspector came to the site. These developers now consult with their field personnel before they schedule inspections so that the work is ready to inspect when scheduled.

In order for Building to promise an inspector of record to a project, it is necessary to assure that the designated inspector will be available when needed. Building staff help large projects manage their progress uniformly so that they call for inspections each day. This is adjusted as project conditions change, but the idea is to encourage contractors not to collect inspection needs for one call. Through the utilization of a time/motion study process, staff has determined that it is more efficient and that the work flows more smoothly with this process. A project log has been assembled to help the dispatchers recognize large projects that will require large blocks of inspection time.

In order not to ignore smaller projects, Building also has area inspectors who are assigned to each area of the City so that smaller projects that only call for inspections sporadically also have a better chance to get the same inspector for each inspection. Field inspectors are given “floating” assignments so that when an inspector has a scheduled period of time off, a single replacement inspector is assigned to provide consistency until the regular inspector returns.

Dispatching

Considerable effort has been expended to improve Building inspection dispatching procedures so that we could tighten up our scheduling of inspections. The Division has formed a cadre of inspectors who rotate the dispatching duties. Because the dispatching inspectors were chosen for their organizational skill and their knowledge of the inspection process, they are able to review each inspection request and realistically limit or expand the time allotted for each inspection in real time. The Division has developed a system to fill inspection slots made available by cancellations so that our inspector’s time remains fully allotted. To accomplish a high-quality dispatching program and to maintain a level playing field for all of Building’s customers, the Division has had its supervisors coordinate with industry in one-on-one meetings to assess their individual needs and their individual project performance expectations.

Overtime and Redeployment

The field section in the Building Division continues to work with a mandatory minimum of 1-hour per day overtime assignments for all inspectors utilized in the field. However, over 50% of the 45 field inspectors often work 1.5 to 2 hours of overtime a day dependent upon our customers’ construction schedules and needs. By mandating overtime, the Building Division has been able to reduce the actual number of permanent staff needed, but after 3 years of substantial overtime, other solutions to the workload impact are needed to minimize staff burnout. As previously noted, all of our specialty training is conducted on Saturdays on an overtime basis.

In addition to overtime usage, to address the inspection delays that have accompanied the extremely high construction activity, PBCE has also redeployed Inspectors from the Permit Center and the Building Code Compliance Team in Code Enforcement to assist with field

inspections. This approach is not sustainable, however, as the negative impacts on permit center customer service and the illegal construction case load in Code Enforcement are clear.

CUSTOMER SERVICE AND INFORMATION

Obviously process improvements lead to better customer service, so there is no distinct line between these two efforts. There have been, however, numerous initiatives directly focused on improving service and making the customer's experience of the process more positive. To that end, Public Works' division management staff and project engineers meet monthly with technical representatives of the development community to receive feedback and discuss customer needs and processing difficulties. PBCE staff also have regular meetings with customers.

Outreach/Public Education

An important component of customer service is the distribution of relevant information to customers in a timely manner. Planning has made good use of its website and is posting Planning Commission and Director's Hearing Agendas; staff reports, including Environmental Impact Reports and Negative Declarations; the weekly Staff Review Agenda, which lists newly filed planning projects; the Monthly Report of Pending Land Use Applications; and Community Meeting announcements. Building's website contains all processing and procedural forms and information handouts. A Frequently Asked Questions (FAQ) list is available via the Call Center and Building's website.

In the current fiscal year, Planning added a Planner position to serve as development process liaison to community and non-profit organizations. So far, in addition to facilitating projects for these groups, a brochure has been developed and distributed about this position's role in the development review process, a database has been created to track contacts and issues, and a citywide map of approved church construction and expansion in San Jose has been created.

Technology Improvements

Building's implementation of a new call management system that electronically routes customer calls without having to go through an operator has lowered call answering times by 50%. For those who access Building via the web, the Online Permit Issuance System has been up and running for a year now. Twenty different simple permits are now available on-line and 10% of the Divisions total permits are acquired in this way. With the implementation of the Integrated Development Tracking System (IDTS) in 2001-02, the number of permits offered online will increase and an estimated 20% of all Building permits will be issued via the internet. For permit applications submitted in the normal way, e-mail is being used to send Plan Check comments to customers which saves time and mailing costs.

The IDTS will provide perhaps the most dramatic customer service improvement in the development fee programs in the coming year. All the programs will be integrated on the same system that will combine map layers with permit and plan information for newer projects. This will facilitate locating and accessing plans and records and save staff time. A later phase of

implementation will make documents and plans available to the public via the internet. The imaging effort that will store documents in digital form is well underway in Building. In the 2001-02 Proposed Budget an expanded Imaging Center that will serve all of the development fee programs is recommended. Combining the imaging operation will leverage expertise and save \$150,000 over the implementation of separate imaging operations for each program.

STAFF DEVELOPMENT

The most cost effective efficiency mechanism is developing the knowledge and expertise of staff. The amount of turnover in the development programs, Planning in particular, has made this more important than ever. Efforts to train and develop staff are a key to increasing efficiency. Some of these efforts in the development fee programs are listed below.

Training

Despite the workload volume, the development programs are making every effort to provide ongoing training. Public Works staff meets every Wednesday morning to review processes and share technical knowledge. Planning staff have regularly scheduled training on Tuesday and Thursday mornings. In order to maximize field inspection time, Building moved all of its specialty training efforts to Saturday. Recognizing that training provides consistency and quality in inspections Building provided staff with 72 hours of Saturday training opportunities this year. Building continues to conduct a combination training academy for all of the newer inspectors, which consists of both 4-hour classroom instruction followed by 4-hour field training of the subjects covered in class. This training is conducted by our supervisors, for a two-month period on a daily basis to bring our newer inspectors "up to speed" as soon as possible.

A training tool for new Planners directly impacts process efficiency and effectiveness. As part of their initial training, new Planners are asked to review City Council policies related to land use and draft special permit conditions with supporting facts and findings that would ensure that these policies will be consistently addressed and conditioned in applicable permits. This training exercise acquaints new staff with relevant policies and generates data and ideas about how best to implement the Council's land use policies through the permitting process.

Combined training and cross training has proved valuable for integrating the components of the development process both within divisions and across departments. Building has cross trained clerical staff between the phone section, the imaging section, and Permit Center clerical support. This approach has improved the Division's ability to cover absences in all sections and to meet peak demands in different functions.

Planning has provided training for Public Works staff on environmental review and clearances for parks and library projects and a Building staff representative attends Planning's project review staff meetings where new development applications are reviewed. The building perspective helps identify potential Building Code issues at the first step of the development process, thus saving customers time and money.

Hiring

Another important improvement that is not part of the development process but certainly effects the staff's work capacity is use of the Hiring Pilot Project (HPP). Currently Planners and Planning Technicians are part of the HPP and the time it takes to fill those positions has been reduced significantly. Unfortunately, many of the crucial development related positions - Inspectors, Engineers, Permit Specialists, and Senior Planners - are not part of the hiring pilot and lengthy recruitment and testing processes make it difficult to react to the need to add staff for increased activity and staff turnover.

ADDITIONAL DEVELOPMENT PROCESS REQUIREMENTS

While staff is trying to streamline and simplify processes where possible to provide timely service to our customers, the development fee programs are still charged with maintaining community standards, neighborhood integrity, and building safety through review and inspection. These responsibilities cannot be short changed. In addition, laudatory actions by the City Council sometimes add to the complexity and length of the process. Recent examples are the initiation of Single Family Design Review and the Public Outreach Policy. The former requires new level of review for single-family house remodels or conversions. The latter increases the staff responsibilities in reviewing development and potentially lengthens the process by increasing public input and notification on development projects. As a result, the number of hearing notices mailed, community meetings attended have increased and it appears also the number of appeals filed. The addition of more requirements from outside of the City's control have occurred or on the horizon. Building Division is now reviewing geotechnical reports for foundation designs to address State mandated review for subsidence hazards. The Regional Water Quality Control Board has issued draft permit language that, if adopted, will add substantial new requirements regarding storm runoff and water quality for public and private development projects. These requirements may increase project processing times and have other effects on the development review process.

City staff can be proud of the many process improvements and efficiencies achieved in recent years both out of necessity due to the high level of activity, and out of committed efforts to identify and meet the needs of customers. We hope the City Council will take these efforts into account when considering both the approval of additional development related resources in the proposed budget and proposed fee adjustments for Planning and Building.

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HONORABLE MAYOR AND CITY COUNCIL

Subject: Housing Production Team Recommendation #61

May 31, 2001

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